

Message Text

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ORIGIN EB-07

INFO OCT-01 NEA-09 ISO-00 L-02 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00 FRB-03

XMB-02 CIAE-00 INR-07 NSAE-00 PA-01 PRS-01 USIA-06

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DRAFTED BY EB/IFD/OMA:OCROWE:DLS

APPROVED BY EA/IFD/OMA:RRYAN

L/EB:S0OND

NESA/SA:CHREES

NEA/PAB:GJONES

GC/ASIA:MKITAY

TREASURY:SCANNER

EXIMBANK:CHAMMOND

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R 282253Z APR 75

FM SECSTATE WASHDC

TO AMEMBASSY DACCA

INFO AMEMBASSY ISLAMABAD

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E.O. 11652: N/A

TAGS: EFIN, EXIM, BG, PK

SUBJECT: EXPORT-IMPORT BANK AND PAKISTAN/BANGLADESH DEBT
DIVISION

1. EXIMBANK IS HOPING TO ACTIVATE DIALOGUE WITH THE GOV-
ERNMENT OF BANGLADESH FOR THE PURPOSE OF ;AVING BANGLADESH
ASSUME RESPONSIBILITY FOR PRE-WAR EXIMBANK LOANS "VISIBLY
LOCATED" IN ITS TERRITORY.THIS NOW APPEARS LAST MAJOR
ISSUE TO RESOLVE BEFORE WE CAN COMPLETE BILATERAL
AGREEMENTS WITH BOTH PAKISTAN AND BANGLADESH IMPLEMENTING
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THE JULY 1974 DEBT AGREEMENT REACHED WITHIN THE FRAMEWORK

OF THE AID-TO-PAKISTAN CONSORTIUM.

2. NEGOTIATIONS WITH BANGLADESH WOULD FOCUS ON THE DACCA HOTEL CREDIT (NUMBER 1984) IN ADDITION TO THREE RELENDING CREDITS (NOS. 2792, 2359, AND 2627). EXIMBANK HAS ALREADY RELIEVED PAKISTAN FROM LIABILITY FOR PAYMENTS ON THE DACCA HOTEL AS OF JULY 1, 1974, BUT MUST STILL OBTAIN THE FORMAL RECOGNITION BY BANGLADESH OF THE LIABILITY FOR THE BALANCE OF THIS CREDIT OF 1.9 MILLION DOLS. CONCERN-ING THE THREE RELENDING CREDITS, GOP HAS ASSERTED THAT SOME OF THE SUB-LOANS WITH TOTAL OUTSTANDING BALANCE OF APPROXIMATELY 1 MILLION DOLS COULD BE ASCRIBED TO BDG. SINCE JULY 1974 GOP HAS NOT BEEN MAKING PAYMENTSTO

EXIMBANK ON THIS PORTION WHICH THE GOP ALLOCATED TO BDG.

3. THE REPAYMENT TERMS OF LOANS ACCEPTED BY BANGLADESH WILL BE MAINTAINED AS SPECIFIED IN THE ORIGINAL LOAN AGREEMENTS. AID HAS ALREADY PROGRAMMED ITS DEBT RELIEF ON LOANS ACCEPTED BY BANGLADESH AT MORE THAN 87 PERCENT GRANT ELEMENT, SUFFICIENTLY ABOVE THE 84PERCENT LEVEL AGREED BY THE CONSORTIUM TO ALLOW EXIMBANK -- WITH ITS LOANS OF CONSIDERABLY SMALLER VALUE -- TO AVOID CON-CESSIONAL RESCHEDULING WHILE STILL PERMITTING OVERALL USG ADHERENCE TO THE AGREED CONSORTIUM TERMS.

4. ALTHOUGH EXIMBANK ALSO PLANS DISCUSS DEBT QUESTION WITH BANGLADESH EMBASSY OFFICIALS HERE, WE EXPECT RESOLU-TION OF ISSUE WILL REQUIRE NEGOTIATIONS WITH APPROPRIATE OFFICIALS IN DACCA.

5. FOR DACCA: REQUEST EMBASSY ADVISE BDG OF EXIMBANK DESIRE TO NEGOTIATE DEBT ISSUE STRESSING USG DESIRE FOR SPEEDY RESOLUTION OF MATTER TO PERMIT EARLY SIGNING OVER-ALL BILATERAL DEBT AGREEMENT. (HOPEFULLY ISSUE CAN BE RESOLVED PRIOR TO JUNE MEETING OF BANGLADESH AID GROUP). ALSO REQUEST EMBASSY TO CONTINUE GIVE EXIMBANK ANY ASSISTANCE THEY MAY REQUIRE TO EFFECT A SETTLEMENT. EM-BASSY SUGGESTIONS ON WAYS TO SPEED RESOLUTION OF ISSUE WILL BE APPRECIATED.

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6. FOR DACCA: RE ISLAMABAD 3600, EXIMBANK WOULD LIKE INFORMATION FROM BDG ON OUTSTANDING BALANCES OF SUB-LOANS OF THE THREE RELENDING CREDITS DISBURSED IN BANGLADESH, WHICH GOP CLAIMS ARE AVAILABLE ONLY IN DACCA WITH SUCCESSOR ORGANIZATION TO IDBP. KISSINGER

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